

Financial Report

Terrebonne Parish Recreation District No. 2/3

Houma, Louisiana

December 31, 2001

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Terrebonne Parish Recreation District No. 2/3

December 31, 2001

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 2/3,
Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Recreation District No. 2/3 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Recreation District No. 2/3 as of December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 24, 2002 on our consideration of Terrebonne Parish Recreation District No. 2/3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 24, 2002.

COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP

Terrebonne Parish Recreation District No. 2/3

December 31, 2001

	Governmental Fund Type General	Account Group General Fixed Assets	Total (Memorandum Only)
ASSETS			
Assets			
Cash	\$ 102,206	\$ -	\$ 102,206
Receivable - taxes	152,543	-	152,543
Due from other governmental units	216,287	-	216,287
Other	2,235	-	2,235
Fixed assets	-	2,258,705	2,258,705
	<u> </u>	<u> </u>	<u> </u>
Totals assets	<u>\$ 473,271</u>	<u>\$ 2,258,705</u>	<u>\$ 2,731,976</u>
LIABILITIES AND OTHER CREDITS			
Liabilities			
Accounts payable and accrued expenditures	\$ 2,235		\$ 2,235
Due to Terrebonne Parish Consolidated			
Government	4,782		4,782
Deferred revenue	368,830		368,830
	<u> </u>		<u> </u>
Total liabilities	<u>375,847</u>		<u>375,847</u>
Equity and Other Credits			
Investment in general fixed assets	-	\$ 2,258,705	2,258,705
Fund balance - unreserved	97,424	-	97,424
	<u> </u>	<u> </u>	<u> </u>
Total equity and other credits	<u>97,424</u>	<u>2,258,705</u>	<u>2,356,129</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, equity and other credits	<u>\$ 473,271</u>	<u>\$ 2,258,705</u>	<u>\$ 2,731,976</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
GOVERNMENTAL FUND TYPE - GENERAL FUND

Terrebonne Parish Recreation District No. 2/3

For the year ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 318,000	\$ 321,302	\$ 3,302
Intergovernmental:			
State of Louisiana:			
State revenue sharing	20,700	20,721	21
Miscellaneous:			
Interest	3,500	3,474	(26)
Other	20,500	20,720	220
Total revenues	<u>362,700</u>	<u>366,217</u>	<u>3,517</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	2,000	-	2,000
Ad valorem tax deductions	13,725	13,724	1
Total general government	<u>15,725</u>	<u>13,724</u>	<u>2,001</u>
Culture and Recreation:			
Personal services	89,750	88,164	1,586
Supplies and materials	52,000	48,912	3,088
Other services and charges	40,500	36,703	3,797
Repairs and maintenance	45,700	40,974	4,726
Capital expenditures	70,000	66,727	3,273
Total culture and recreation	<u>297,950</u>	<u>281,480</u>	<u>16,470</u>
Total expenditures	<u>313,675</u>	<u>295,204</u>	<u>18,471</u>
Excess of Revenues Over Expenditures	49,025	71,013	21,988
Other Financing Source			
Proceeds from the sale of fixed asset	1,250	1,250	-
Excess of Revenues and Other Financing Source Over Expenditures	50,275	72,263	21,988
Fund Balance			
Beginning of year	25,161	25,161	-
End of year	<u>\$ 75,436</u>	<u>\$ 97,424</u>	<u>\$ 21,988</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 2/3**

December 31, 2001

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Recreation District No. 2/3 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2001.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Account Group

An account group is used to establish accounting control and accountability. The District's Account Group is as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenues) are recorded as revenue in the period for which levied, thus the 2001 property taxes which are being levied to finance the 2002 budget will be recognized as revenue in 2002. The 2001 tax levy is recorded as deferred revenue in the District's 2001 financial statements. Intergovernmental revenue (state grant) is recorded as revenue when the District is entitled to the funds. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

d) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during 2001. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with GAAP.

f) Accounts Receivable

The financial statements of the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the General Fund.

g) Investments

The District had no investments at December 31, 2001.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Fixed Assets

Fixed assets used in governmental fund type operations (fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other fixed assets. No depreciation has been provided on fixed assets. All fixed assets are valued at historical cost. Certain fixed assets (land and building) are recorded in the General Fixed Assets Account Group of the Parish.

i) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as an expenditures of the period in which paid.

Employees can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carryforward provisions.

Employees earn 56 hours sick leave per year. Unused sick leave can not be carried forward to future years.

There is no material unpaid vacation and sick leave at December 31, 2001.

j) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

k) Memorandum Only - Total Column

The total column on the general-purpose financial statement is captioned "Memorandum Only" because it does not represent consolidated financial information and is presented only to facilitate financial analysis. The column does not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. In accordance with state law all deposits were collateralized.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name

The year end balances of deposits are as follows:

	Bank Balances			
	Category			Book
	1	2	3	Balance
Cash	\$108,488	\$ -	\$ -	\$102,206

At December 31, 2001, cash was not in excess of FDIC insurance.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2001 was \$4.89 per \$1,000 of assessed valuation on property within Recreation District No. 2/3 for the purpose of maintaining, constructing and operating recreational facilities within the District. As indicated in Note 1c, taxes levied November 1, 2001 are for budgeted expenditures in 2002 and will be recognized as revenue in 2002.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2001 consisted of the following:

State of Louisiana - State revenue sharing	\$ 13,360
Terrebonne Parish Tax Collector - December, 2001 State revenue sharing distribution remitted to the District in January, 2002	6,679
Terrebonne Parish Tax Collector - December, 2001 Ad valorem taxes remitted to the District in January, 2002	<u>196,248</u>
Total	<u>\$216,287</u>

Note 5 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January <u>1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance December <u>31, 2001</u>
Buildings	\$ 574,915	\$ 23,913	\$ -	\$ 598,828
Land	285,555	-	-	285,555
Improvements other than buildings	1,153,395	3,894	-	1,157,289
Equipment and furniture	182,523	19,285	4,410	197,398
Vehicles	<u>-</u>	<u>19,635</u>	<u>-</u>	<u>19,635</u>
Totals	<u>\$2,196,388</u>	<u>\$ 66,727</u>	<u>\$ 4,410</u>	<u>\$2,258,705</u>

Note 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The premiums for auto liability are based on claims experience, vehicle type and mileage. The premiums for property are based on the District's percentage of property value to the total of all the Parish's property value covered. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Property	\$100,100,000
Auto Liability	\$6,250,000

Note 6 - RISK MANAGEMENT (Continued)

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$1,431,079 for general liability, workers' compensation, property and auto liability at December 31, 2000, then secondly by the District. The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2000 was \$7,809,820. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$17,928 at December 31, 2000, then secondly by the District or the employee for individual claims in excess of \$1,000,000. At December 31, 2001, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2001 totaled \$16,865.

Note 7 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board members.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 2/3,
Houma, Louisiana.

Our report on our audit of the general-purpose financial statements of Terrebonne Parish Recreation District No. 2/3 (the District) for the year ended December 31, 2001, appears on page 1. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of revenues and expenditures and graphs of revenues and expenditures for the year ended December 31, 2001 is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements for the year ended December 31, 2001, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the balance sheets of Terrebonne Parish Recreation District No. 2/3 as of December 31, 2000 and 1999, and the related statements of revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2000 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of revenues and expenditures and graphs of revenues and expenditures for the years ended December 31, 2000 and 1999 is fairly stated in all material respects in relation to the general-purpose financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 24, 2002.

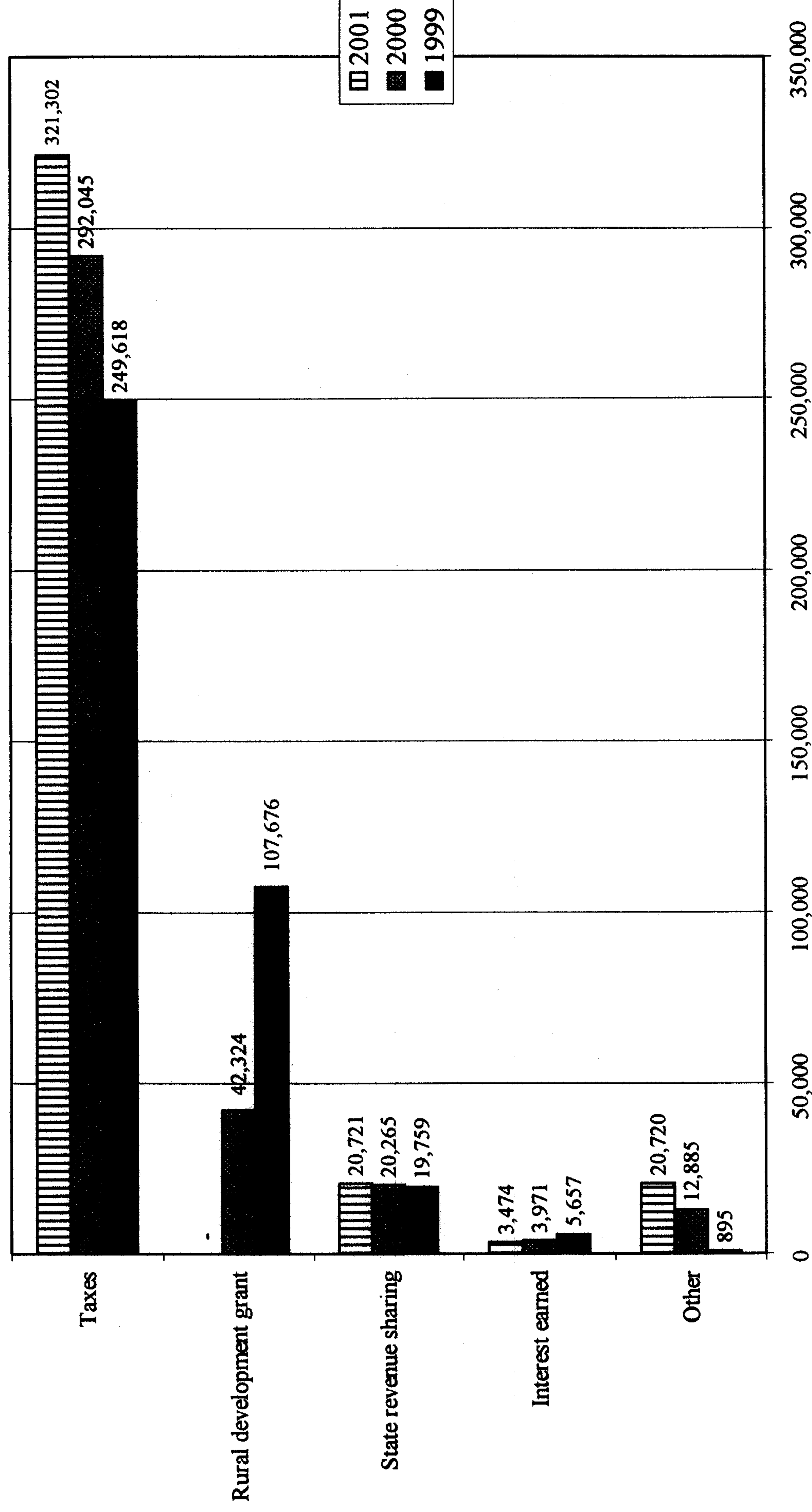
SCHEDULE OF REVENUES AND EXPENDITURES**Terrebonne Parish Recreation District No. 2/3**

For the years ended December 31, 2001, 2000 and 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenues			
Taxes	\$ 321,302	\$ 292,045	\$ 249,618
Rural development grant	-	42,324	107,676
State revenue sharing	20,721	20,265	19,759
Interest earned	3,474	3,971	5,657
Other	20,720	12,885	895
Total revenues	<u>\$ 366,217</u>	<u>\$ 371,490</u>	<u>\$ 383,605</u>
Expenditures			
General government	\$ 13,724	\$ 11,462	\$ 17,654
Personal services	88,164	90,048	76,406
Supplies and materials	48,912	50,123	26,000
Other services and charges	36,703	35,177	24,714
Repairs and maintenance	40,974	27,069	16,323
Capital expenditures	66,727	208,917	254,866
Debt service	-	-	25,000
Total expenditures	<u>\$ 295,204</u>	<u>\$ 422,796</u>	<u>\$ 440,963</u>

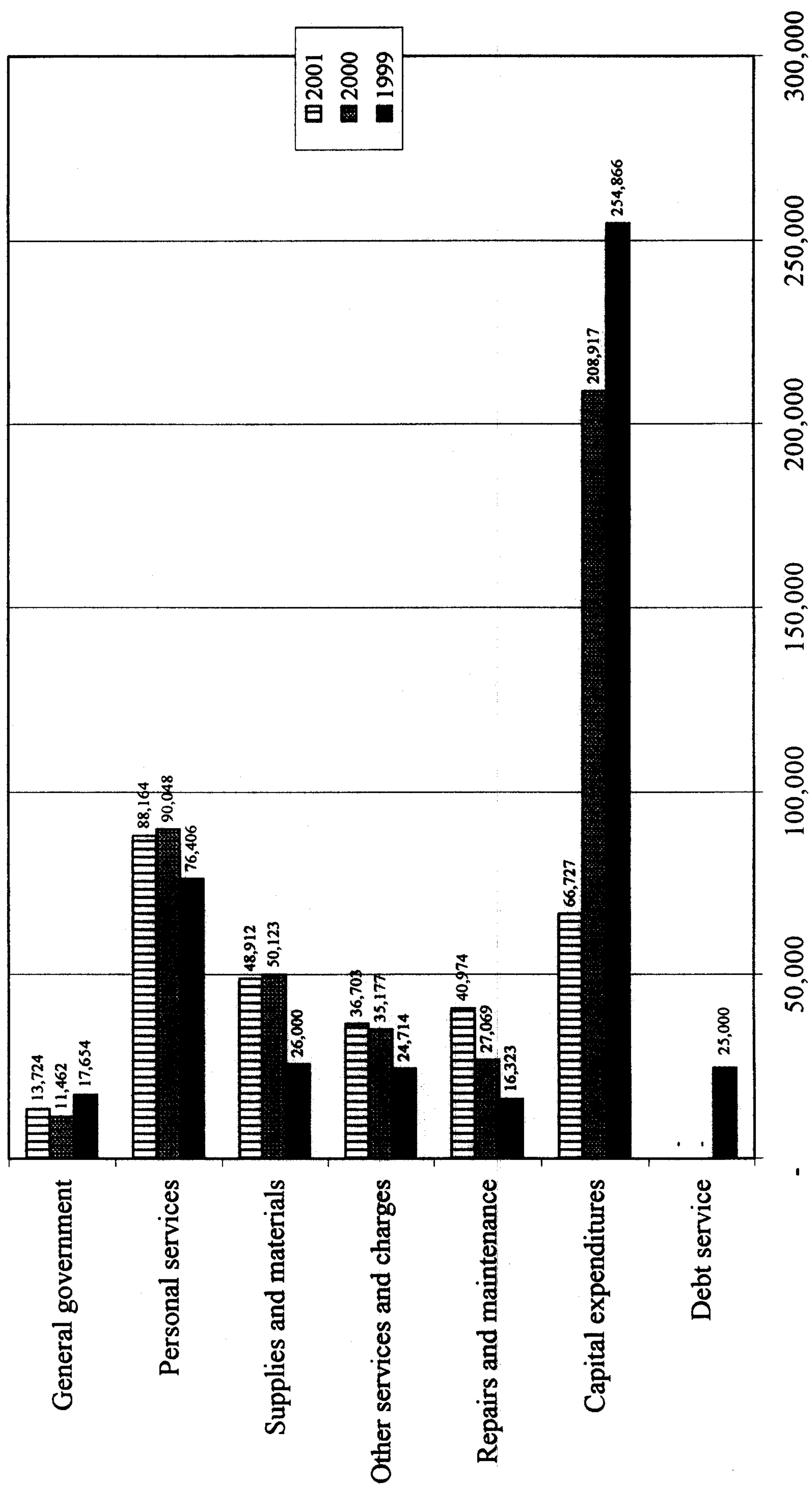
REVENUES**Terrebonne Parish Recreation District No. 2/3**

For the years ended December 31, 2001, 2000 and 1999



EXPENDITURES**Terrebonne Parish Recreation District No. 2/3**

For the year ended December 31, 2001, 2000 and 1999



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL -
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 2/3,
Houma, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Recreation District No. 2/3 (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2001, and have issued our report thereon dated May 24, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the Schedule of Findings as Item 01-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of

one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 24, 2002.

SCHEDULE OF FINDINGS

Terrebonne Parish Recreation District No. 2/3

For the year ended December 31, 2001

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

b) Federal Awards

Terrebonne Parish Recreation District No. 2/3 did not receive federal awards during the year ended December 31, 2001.

Section II Financial Statement Findings

Compliance

01-1 **Criteria** - Louisiana Revised Statute 33:386 requires that surety bond coverage be maintained for all persons receiving or disbursing funds, and all other responsible persons.

Condition - The Accountant for the District failed to obtain the proper surety bond coverage during the year.

Questioned Cost - None

Context - Not applicable.

SCHEDULE OF FINDINGS

(Continued)

Terrebonne Parish Recreation District No. 2/3

For the year ended December 31, 2001

Section II Financial Statement Findings (Continued)

01-1 (Continued)

Effect - The District's assets were not insured for misuse of public funds.

Cause - The District made an oversight of this state law.

Recommendation - The District should obtain the necessary surety bond coverage required by state law immediately.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 2/3

For the year ended December 31, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2000.
No reportable conditions were reported during the audit for the year ended December 31, 2000.

Compliance

00-1 **Recommendation** - The District should obtain the necessary surety bond coverage required by state law immediately.

Management's Response - Efforts are currently underway to obtain surety bond coverage for the appropriate persons. Unresolved, see finding 01-1.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 2/3 did not receive federal awards during the year ended December 31, 2000.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2000.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 2/3

For the year ended December 31, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2001.
No reportable conditions were reported during the audit for the year ended December 31, 2001.

Compliance

01-1 **Recommendation** - The District should obtain the necessary surety bond coverage required by state law immediately.

Management's Response - Efforts are currently underway to obtain surety bond coverage for the appropriate persons.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 2/3 did not receive federal awards during the year ended December 31, 2001.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2001.